

**CITY COUNCIL MEETING WORK SESSION
CITY OF WATERTOWN
March 11, 2013
7:00 p.m.**

Mayor Jeffrey E. Graham Presiding

Present: Council Member Roxanne M. Burns
Council Member Joseph M. Butler, Jr.
Council Member Teresa R. Macaluso
Council Member Jeffrey M. Smith
Mayor Graham

Also Present: Sharon Addison, City Manager

City staff present: Elliott Nelson, Jim Mills, Ken Mix, Kurt Hauk, Brian Phelps, Mike Sligar, Gene Hayes, Justin Wood

STAFF REPORTS

CDBG Application - Phillip Smith, Avalon Associates

Ken Mix, Planning Coordinator explained that it is time to start the Community Development Block Grant (CDBG) process and that he wanted to start discussions for potential applications both for housing and economic development as well as discuss how an urbanized area may impact the CDBG program.

Phillip Smith, Avalon Associates reminded Council that CDBG and HOME are separate funding sources from the US Department of Housing Urban Development which are both accessed through the State. He added that for the past 10 years the City has paid for three different applications (a CDBG which is a grant to the City, a HOME application which is grant to the Neighbors of Watertown, and a HOME grant from the Consortium which goes to the City) and mentioned that sometimes these work together and sometimes the funds are used differently. He pointed out that HOME is focused on housing and the CDBG is more flexible but it cannot be used for work within a building used for general governmental operations or on religious property nor for a political activity. He reminded Council that CDBG is competitive so the reality is that there are lots of things that are eligible but a very limited range of things that are competitive. He reviewed the list of activities that have been done in the past and stated that the focus of the last five years has been downtown apartments and rental rehabilitation. Since large projects such as apartments in the upper floors of downtown take a long time to put together, he said that there is always a fall back position of rental rehabilitation in case time runs out prior to putting the larger programs together. He indicated that there is a significant need for owner occupied housing rehabilitation in the City which has not been done in the past five years and recommends heading in that direction.

Council Member Smith asked if CDBG funds could be used for renovating the City pools.

Mr. Smith said that Federal statute requires that anything done with these funds must benefit a population that is at least 51% of low to moderate income. He reminded Council that the City as a whole does not meet that requirement so with a project like this the City would have to identify who the beneficiaries are and prove that 51 % is low to moderate income. In addition, he noted that a pool would not be competitive enough to win the funding.

In response to Council Member Butler's inquiry, Mr. Smith reviewed the income limits and stated that according to the last census Watertown's population was 50.4% which cannot be rounded up to 51%.

Mayor Graham stated that the Watertown Housing Authority is proposing to add units and wondered if this would qualify for CDBG funds.

Mr. Smith replied that the Housing Authority cannot directly receive the funds and mentioned that it is more difficult to use CDBG funds for new construction.

Council Member Smith remarked that there are areas of blight throughout the City and asked if the funds could be used to demolish structures and work with an organization such as Habitat for Humanity to build low to moderate housing.

Mr. Smith stated that this might work but advised that the project should be all ready to go at the time of the application in order to complete the work within the 24 month timeframe. He confirmed that the funds can be used for demolition if the end result is a house. He reminded Council of some of the projects such as Emerson Place and the Franklin Building in which these funds were used and stated that the Lincoln Building may be better suited for an application under economic development which is a separate process submitted through the Consolidated Funding Application (CFA) during the summer.

In reviewing the objectives of the CDBG, Council Member Butler expressed that when compared to the state's objectives it really comes down to what is more competitive. He suggested targeting areas of blight in the City such as Mill Street and Leray Street where houses can be torn down and replaced with new houses and parks.

Mr. Smith responded that comprehension programs in which a collection of different activities within a geographic area are completed are no longer eligible for this application. He clarified that this is how Emerson Place was done.

Mr. Mix added that the problem with the demolition of blight is that the City needs to have ownership of the property.

Council Member Burns remarked that this is what was done when the City targeted the neighborhood in the area of Emerson Place. Fortunately, she said the program allowed the City to do that at the time but this is not a possibility now.

Mr. Smith noted that in the past it was not uncommon for some projects to extend into 3-5 years for completion but now the projects need to be completed in 24 months. As a result, he advised that the planning for this type of project such as identifying the properties, taking ownership and knowing what the property is to be used for must be in place in order for the project to be completed within 24 months.

Mr. Mix informed Council that the City may qualify as an entitlement community if it becomes urbanized which would remove the competitive component to receive funds. He pointed out that this would lead to more flexibility.

Under an entitlement program, Mr. Smith stated that 70% of the money must benefit a population that is at least 51% low to moderate income but the remaining 30% of the funds can go towards anything on the list of objectives including multiple year projects.

Council Member Smith wondered if the Oglivie site would qualify since the redevelopment would meet all the CDBG's list of objectives but he is not sure it is 51% low to moderate income.

Mr. Mix replied that it would if someone built houses on the site and offered first-time home buyers grants.

Mr. Smith mentioned another option would be to rent 51% of the homes to low to moderate income families. He confirmed that the funds could be used for the demolition and cleanup if the end result is housing for low to moderate income. He clarified that the funds cannot retroactively pay for any demolition or work done prior to the funds being awarded.

Regarding the maximum funds that can be rewarded, Mr. Smith said that the max is \$400,000 and it has been awarded four out of the last five years. He indicated that 2011 HOME and CDBG funds are still available as well as 2012 CDBG funds totally approximately \$1.2 million.

In response to Mayor Graham's question regarding the Oglivie project, Mr. Mix stated the cleanup is already budgeted and they need to decide if there will be a new street constructed or a no street scenario in which only eight to nine lots will be put on existing street frontage.

Council Member Smith asked if this money could be used for the infrastructure if the end result was low to moderate housing.

Mr. Mix commented that the problem is that \$400,000 does not cover a lot of infrastructure costs.

Mayor Graham reminded Council that the Water Street sewer was done through this process.

Mr. Mix confirmed that it was because some of the houses were pumping directly from the houses into the river and there was environmental harm. He explained that back in the 1980's many sewer projects were done at Central, Olive and Emerson Streets but you need to prove that there is a serious problem. In this type of situation, Mr. Mix stated that an income survey is done by going door to door to obtain household incomes to ensure that 51% of the people that benefit are low to moderate income.

Council Member Butler mentioned Merline Avenue and the request for a water line.

Mr. Smith replied that it would be harder to win because they will want to see the financials of the City proving that it would be difficult for the City to fund on its own.

Mr. Mix pointed out that the force driving this project is a developer wanting to develop vacant lots and stressed the housing would need to be sold to low to moderate income.

Council Member Butler mentioned the two empty brick houses on Coffeen St.

Mayor Graham stated that the problem with some of these vacant buildings is that the City does not own them and there is no indication that the owners will want to participate in any of these things.

In regards to the money awarded for 2011, Mr. Mix said the downtown project is not ready so the money will be pushed out in other avenues.

Mr. Smith further explained that Neighbors of Watertown have a long list of people that are interested in pursuing housing rehabilitation and this is a safe fall back. He said these are smaller two to three unit rentals which could receive up to \$20,000 - \$25,000 each.

Mr. Mix advised that the next step would be to have the Public Hearings and vote on a resolution. He suggested focusing on owner occupied rehabilitation and hopefully, by 2014 qualify for the entitlement program.

Jefferson County Comprehensive Economic Development Strategy

Dave Zembiec, Jefferson County Industrial Development Agency presented a slideshow (on file in the City Clerk's Office) and explained that this is a five year plan that is a blueprint for coordinating economic development activities in the County. He reviewed the Planning Process Overview describing the various data and input that was reviewed in formulating this strategic plan. Regarding the documents produced, he explained the function for each one and how they are to be used. He highlighted the data analysis pointing out that the County employment grew by 18% and is expected to continue grow to over the next 10 years as well as listing the fastest growing industries as Federal Government Military and Federal Government Civilian and mentioned Fort Drum as the driving force behind the \$1.6 billion in direct spending in 2011 and a \$2.2 billion economical impact. He reviewed the largest export industries, top five industries, top five largest industries by size and top five non-government industries. Finally, he explained the goals of the plan and the initiatives to be developed and accomplished. He mentioned that it would make sense for the City to support this but reminded Council that this is a County plan. He added that support of this plan would help in applying for grants.

Mayor Graham said that he realizes that the plan cannot anticipate every issue that could occur and said it is meant to be a boiler plate to keep focus on things.

Council Member Smith asked if this is Jefferson County Government's plan.

Mr. Zembiec stated that the County appoints the CEDS Committee and charges it with developing a five year plan. In comparison to previous plans, he noted that this plan has more detailed analysis because someone with that expertise was hired to do this.

Council Member Smith stated that there are glaring things that he is concerned with as a small business owner in the private sector. He pointed out that an overwhelming majority of the input was from people connected to a governmental body. He is concerned that there was not an interview with the banking industry.

Mr. Zembiec pointed out that Steve Pierce from Key Bank provided input and referred Council Member Smith to page 86 of the Supplemental Document as well as highlighted all the individuals associated with the private sector.

Council Member Smith apologized for not recognizing the banking input and said he still does not see anything in terms of small businesses struggling to receive loans with all the new banking regulations. In addition, he did not see any independent private practitioners on the list.

In order to save costs, Mr. Zembiec said there were catchall interviews done with FDRHPO as well as the Small Business Development Center. He noted there were also public meetings held for additional input.

Mayor Graham stated that he agrees with Council Member Smith in that real life day to day experiences are not reflected among the decision makers.

Mr. Zembiec said that the question is whether Council feels their goals are in line and mentioned that a lot of the needs of small businesses are addressed. He advised that issues that are specific to an industry were not handled in detail in this plan.

Mayor Graham asked Ms. Addison to prepare a resolution for the next meeting.

New York Air Brake PILOT Modification Request

Mayor Graham informed Council that Mr. Hawthorne, President of the Airbrake and Mr. Alexander, JCIDA indicated that the Airbrake would like to continue with the PILOT and that the other two taxing jurisdiction have approved.

Brian Phelps, City Assessor explained that the exemption lasts for as long as the IDA owns the property and confirmed that there is no restriction on his ability to reassess the property.

Council Member Butler asked if the IDA owns the sell buy back lease agreement.

Mr. Zembiec replied that the IDA does and explained that the PILOT was based on an overly optimistic projection of what the value of that property would be at this point in time.

In terms of the “additions” in the wording of the agreement, Mr. Phelps clarified that there were no additions to the building but there were additional improvements made such as the replacement of the glass panels in the ceiling and interior renovations.

Council Member Butler asked why not relinquish the ownership by the IDA and simply abolish the old agreement.

Mr. Zembiec stated that he does not know and it was a decision made by the company possibly to maintain a relationship with the community. He confirmed that there are no other tax benefits by having the PILOT.

In response to Council Member Butler’s question, Mr. Phelps commented that they would like it retroactive back to January 1st and explained the payment schedule for the tax payments and the PILOT payments which could possibly cause double taxation. In regards to a rebate, he indicated that the money could not be given back because it may be considered a gift and the City cannot say that they are not liable for the tax. He ensured Council that it could be timed to minimize the amount that is

duplicated. From the City's point of view, he noted that this is really not retroactive because the City taxes have been paid.

Council concurred to have a resolution presented at the next meeting.

Budget Discussion - Capital Projects – Water Department

Thompson Park Water Tower

Michael J. Sligar, Water Superintendent apologized for not being able to attend last week's meeting and wanted to readdress the Water Tower Project in order to clarify some questions brought up since then. He pointed out that the most cost effective option of rehabilitating the existing tower has a 35% contingency embedded into the figure of \$913,000 and noted that the amount of engineering to be done will be less than a demolition and reconstruction of a new tower. In addition, he explained in detail why the use of an elevated tower is more cost effective over the use of variable speed pumps within a system on the ground.

Mayor Graham asked when this project would start.

Mr. Sligar said the job would be done during the summer and is not sure if it would affect the use of the children's playground but it would not shut down the drinking fountains or affect the use of the bathrooms. In regards to water pressure, he stressed that it is likely that no one will even know the project is taking place.

Modification to the Sludge Disposal Operations

Mr. Sligar reviewed the tasks listed in Table 1 of his report and said the next step is to obtain Council's authorization to proceed with the preparation of a consultant's agreement, schedule of tasks and milestones and a consultant's budget. He would like to bring this agreement forward to the March 18th or April 1st Council meeting.

Council authorized the Committee to proceed with negotiations with GHD

Hydro Electric Production

Mr. Sligar reminded Council of the ice formation on the racks which caused a significant loss in hydro electric power a few weeks ago. He remarked that the current rake system freezes within itself so he is recommending a new rake system which will not solve the problem of the ice formation but will be a more efficient method of dealing with it. He described the differences between the two systems and the capabilities of the new system stressing that the cost will be recouped by the decrease in loss of hydro electric power. He clarified for Council Member Smith that this rake was installed at the plant in 1990 and a new one similar to the proposed design was installed at the head gate structure. Regarding pay back, he said it would take 6 – 7 years in the worse case scenario.

Jim Mills, City Comptroller indicated that he hoped to use a transfer of funds and not bond the cost of the new rake system.

Mr. Sligar reviewed the table showing the hydro electric power during January and February's ice event resulting in a loss of \$125,000 to \$130,000 stressing that there were 3 – 4 days with only one turbine barely running. He explained that if this event had occurred with the new raking system, he would have

been able to keep up with the ice better. As far as the old rake, he noted that it could be sold because it is better suited for a warmer climate.

Council agreed to approve the new raking system.

Basin Dredging

Mr. Sligar informed Council that there is a 66 million gallon coagulation basin located adjacent to Route 3 upstream of the Eastern Boulevard Bridge which must be dredged periodically. With the Disinfection Byproduct Rules and the 2010 study, he said it is recommended that it be dredged every other year which is contracted out at a cost of \$80,000 - \$100,000 per time. He advised that a dredger could be purchased for just under \$300,000 and the City could do this itself with a payback after the third time. He mentioned that the additional funds requested would be for a pole barn in order to store the unit when not in use. He assured Council that his current staff could perform this function even though it must be manned by 2 - 3 people.

Council discussed the maintenance required for this equipment and the process used for doing the dredging procedure noting that it may impact water rates.

In respect to the dredger, Mr. Sligar commented that this is money that the City would have spent anyway using a contractor.

Mr. Mills indicated that money is budgeted and set aside each year for dredging so that every 3rd year the funds are available. He advised that there is currently approximately \$100,000 set aside for dredging which could be used as a down payment for this project.

Council approved this equipment for the budget.

Water Purification – Upstream Dam, Filter Media Replacement and pH Control Facility

Mr. Sligar indicated that the Disinfection Byproduct Rule is coming into effect in October 2013 and is much more restrictive than how they currently are operating which is the reason for many of these proposed initiatives. He explained in detail the organics and disinfectants in the river which combine to form byproducts and stressed that the purification process actually can remove carbon materials to the degree that less chlorine is needed in achieving the proper degree of disinfection. The Filter Media Replacement was completed which will help screen sediments from the raw water. He advised that the upstream face of the dam has been repaired but additional rehabilitation needs to be done to the downstream face. In addition, he is recommending a pH Control Facility to help control the pH and alkalinity of the river. He recommends staggering these jobs to see how each has an effect on the process and determine the necessity for the next step because they may not need to complete each part to reach the requirements of the Disinfection Byproduct Rule. He pointed out that he has talked to Public Health knowing that this Rule goes into effect in October 2013 and informed them of the City's plan.

Flushing Hydrants

Mr. Sligar mentioned that flushing hydrants is the last component of this process because the byproducts can form in the pipes due to resident detention time. He is suggesting strategically placed flushing hydrants in the distribution system to reduce residence time. He added that they would have meters and set to auto flush. He pointed out that two would be done in the first year and two would be done in the second year.

Meter Replacement Program

He reminded Council that the City has been involved in a systematic meter replacement program which will take an additional 16 years to complete and is recommending accelerating this program in order to accomplish it in the next three consecutive years. He mentioned that currently two employees work full time for 3 months to read each cycle while using two City cars. After the conversion to radio read meters is completed, he said one person could read the meters in the entire City in one day.

Council Member Burns stated that she is not ready to make a decision on this tonight and feels that this should be a topic for another work session.

Council Member Smith remarked that his concern is how this would affect the budget over the next three years.

Mayor Graham asked what would happen to the staff in the meter read positions.

Mr. Sligar replied that they would be transitioned into other positions but the department will eventually lose staff through attrition.

Mayor Graham stated that the only way this makes sense economically is eliminate two positions.

Council concurred that this should be discussed further at a later date.

Facility Disinfection Project

Council Member Butler asked if there is a potential for sharing the cost of the \$6.1 million estimated cost on the project.

Mr. Sligar clarified that the shared cost of 25/75 was on the Sludge Disposal Modification Program through the NYSERDA grant. He indicated that the Facility Disinfection Project is separate with the total cost to the City but he continues to look for grants to assist with this. He stressed that this was something that was imposed upon the City.

Mr. Mills stated that he is trying to work it into the budget's five year plan and will try to make it as affordable as he can.

Council Member Smith inquired if the DANC contract will pay a portion of the capital cost so that the direct effect to the City in terms of rates might not be as significant.

Mr. Sligar replied that the long term agreement with DANC includes a formula for capitalization and this qualifies for that formula so a portion of the \$6.1 million cost will be shared with the outside users.

Mr. Mills added that contractually they pay for the greater of either 33.125% or the actual percentage of flow times 120% of the treatment related debt which equates to approximately 40%.

Mr. Sligar pointed out that he still is searching for grants.

Metropolitan Planning Organization – Memorandum of Understanding

Mayor Graham explained that this is a Memorandum of Understanding which will delineate what this entity would like and needs to be approved by the Governor.

Ms. Addison stated that the representatives from the City can be two positions from the Council or one Council and a delegate. She explained the voting structure that has been agreed upon.

Council Member Smith commented that he has a lot of questions and concerns regarding this especially with the funding and wondered if City tax payers would have to pay for this program through their City Taxes as well as their County Taxes. Questioning the setup of the Planning Committee, he asked how the Local Government Representative was selected.

Ms. Addison responded that it would be an elected office official from one of the outside towns. She explained.

Discussion centered on the vagueness of the memorandum and the selection of representatives which some felt should be elected officials.

Council Member Smith expressed concern for the central staff and the funding for these positions.

Ms. Addison clarified that the DOT is the host and the central staff will be comprised of a MPO Director which could be a consultant. She commented that there is approximately \$320,000 of federal funding per year to set and run this MPO structure.

Council Member Smith expressed concern over the organization making decisions that would affect the City's bus service and possibly loss of services to the City residents.

Mayor Graham said that this is a fairly deep subject with long term implications and suggested that there are too many questions to be discussing it this late at night. He recognized the work that has been put into it on a quick timeline but mentioned that no one in the community really knows what this is or its implications.

Gene Hayes, Superintendent of Public Works pointed out that the MPO will not direct the bus services and will only be in charge of the funding and how it is allocated. In addition, he said the City Bus is not obligated to go outside the City limits.

Kurt Hauk, City Engineer advised that the deadline is the 26th of March which is a year after it was designated by the Federal Register. He explained that if the deadline is not met then it would affect the disbursement of the federal funds.

Mayor Graham recommended that this be discussed in more detail next week.

Council Member Butler suggested that Council should submit their questions prior to the meeting for appropriate responses.

NEW BUSINESS

Community Action Planning Council (CAPC) Appointments

Ms. Addison told Council that these appointments require individual Council Member to sponsor one person each.

Council Member Butler stated that he will appoint Stanley Zaremba.

Mayor Graham indicated that he will appoint Christina Stone.

Council Member Macaluso said that she will appoint Thomas Bruno.

The work session ended at 9:37 p.m.

Ann M. Saunders

City Clerk